

## **THE MOST OVERLOOKED ITEMS WHEN COMPLETING THE INVESTMENT ADVISER APPLICATION**

To enable us to efficiently process your application and issue your certificate in a timely manner, please ensure that the following items, if applicable, have been completed:

- ◆ An application (FORM ADV), obtained from the Department's Website from your local office of the U.S. Securities and Exchange Commission (SEC), with an execution page (page 1) that contains the original signature of the applicant and the original notary certification, and the 125.00 application filing fee.
- ◆ A list that contains the name of each investment adviser representative and associated person and the title and date passed of the qualifying examination by such person, and the \$25.00 reporting fee for each investment adviser representative and associated person. §260.236 of the California Code of Regulations ("CCR").
- ◆ Item 11G of Part I of the Form ADV modified to include the phrase "other than a pending proceeding involving an arrest of such person?"
- ◆ Statement of Citizenship, Alienage, and Immigration Status form for individuals applying as a sole proprietorship (Item 8C of Part I of Form ADV). Any documentation (e.g. birth certificate, passport) submitted with the form should be a copy. PLEASE DO NOT SUBMIT ORIGINAL DOCUMENTATION (e.g. birth certificate, passport).
- ◆ Balance sheet and related computations if the applicant has its principal place of business in California and has any power of attorney from any investment advisory client or manages client securities portfolios on a discretionary basis, or representation that the applicant is in compliance with the capital requirements of the state in which the applicant has its principal place of business if the applicant has its principal place of business in a state other than California. §260.237.1(a)(2) CCR.
- ◆ The disclosure given to the clients of any material conflicts of interest. Conflicts of interest may include, but are not limited to, (a) compensation arrangements connected with advisory services which are in addition to the advisory fees, (b) other financial industry activities or affiliations, or (c) participation of interest in client transactions. §230.238(k) CCR.
- ◆ A written statement disclosing the conflict of interest for applicants that provide financial planning services and receive compensation (commissions, fees) from the sale of insurance, real estate, securities or other products or services recommended in the financial plan. This statement should include, at the minimum, the following:
  1. a conflict exists between the interests of the investment adviser and the interests of the client,
  2. the client is under no obligation to act upon the investment adviser's recommendation, and
  3. if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through the investment adviser. §260.235.2 CCR.
- ◆ If Item 13B, Part II of the Form ADV is checked "yes," representation that the applicant will ensure that the associated person (solicitor) provides the investment advisory client with a current copy of the investment adviser's written disclosure statement and the solicitor's written disclosure document, and schedule D of the Form ADV and \$25.00 reporting fee for each solicitor.
- ◆ The disclosure to the clients that performance fees will be assessed in compliance with SEC Rule 205-3. §260.234 CCR.
- ◆ A copy of the written investment advisory contract. This contract should include (1) a clause which states that no assignment of the contract shall be made by the investment adviser without the consent of the client and (2) the provisions of §260.238(n) CCR.
- ◆ The name of the applicant's workers compensation insurance carrier. If the applicant is not required to have workers compensation insurance, please state the reason(s).